

**DEPARTMENT OF HEALTH SERVICES**

714/744 P STREET  
P.O. BOX 942732  
SACRAMENTO, CA 94234-7320



Dear Administrator:

This letter is to notify you that the enclosed state fiscal year (SFY) 2000-01 Wage Pass Through (WPT) certification form and worksheets are to be filled out, certified, and returned to the Department of Health Services (Department) by **November 1, 2001.**<sup>1</sup>

AB 2877 (Stats. 2000, ch. 93) added a new subdivision (f) to Welfare and Institutions Code section 14110.6 and amended subdivision (g) of section 14110.6.<sup>2</sup> Subdivision (f) provides for SFY 2000-01 WPT funds to increase salaries, wages and benefits for direct care and other staff in Nursing Facilities, Intermediate Care Facilities for the Developmentally Disabled (ICF/DDs), Intermediate Care Facilities for the Developmentally Disabled-Habilitative (ICF/DD-Hs), and Intermediate Care Facilities for the Developmentally Disabled-Nursing (ICF/DD-Ns). Subdivision (f) requires that facilities certify that the WPT funds received were expended by the facilities for increases in salary, wages and benefits for direct care and other staff. Questions and answers concerning the SFY 2000-01 WPT were published in the December 2000, Long-Term Care Medi-Cal Bulletin (Q&As) to assist facilities in correctly distributing these WPT funds. For copies of the Q&As, contact the Department's WPT Coordinator at (916) 657-0126.

Please note, that the SFY 2000-01 WPT funds are in addition to the funds received for the SFY 1999-2000 WPT. Both WPT programs are funded through Medi-Cal's SFY 2000-01 long-term care rates. The SFY 1999-2000 WPT provided funds for nursing facility rate increases effective August 1, SFY 1999, for wage increases for direct care staff. Nursing facilities were required to certify that funds attributable to the SFY 1999-2000 WPT were distributed for increases in the salaries, wages and benefits of direct care staff.

For the SFY 2000-01 WPT certification, facilities are required to complete and submit to the Department the following documents that are enclosed with this letter: (1) a SFY 2000-01 WPT certification form for each level of care provided that was covered by the SFY 2000-01 WPT, and (2) a SFY 2000-01 WPT certification worksheet for each level of care provided that was covered by the SFY 2000-01 WPT. It should be noted that these forms are used as a

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<sup>1</sup> Welfare and Institutions Code section 14110.6, subdivision (f)(9), requires facilities to return the WPT certification to the Department by October 1, 2001. Due to the delay in transmitting the WPT certification forms to the facilities, the Department is providing a one-month extension for the submission of the WPT certification forms.

<sup>2</sup> The SFY 2000-01 WPT provisions are hereafter referred to as "subdivision (f)" or "subdivision (g)," as appropriate.

mechanism to demonstrate facility compliance with subdivision (f), which is only one aspect of the certification process.

Facilities may also be subject to the Department's field review for WPT compliance. Facilities subject to field review will be required to complete additional worksheets to document SFY 1999-2000 WPT and SFY 2000-01 WPT compliance. Field reviews will utilize the facility's books and records to verify compliance with subdivision (f), and the field reviews may be independent of the certification forms enclosed with this letter.

### **SFY 2000-01 WPT CERTIFICATION FORM AND WORKSHEET**

#### **Form Number 1 - SFY 2000-01 WPT Certification Form (one page)**

The SFY 2000-01 WPT Certification form is to be used to obtain the facility's certification: (1) that the information included in the certification form and worksheet is true and correct, (2) that SFY 2000-01 WPT funds were expended in compliance with subdivision (f) and subject to section 14107 of the Welfare and Institutions Code, and (3) that WPT records will be retained at the facility for review by the Department.

#### **Form Number 2 – SFY 2000-01 WPT Certification Worksheet (one page)**

The SFY 2000-01 Certification Worksheet is to be used for the facility to describe the distribution of the SFY 2000-01 WPT funds for the period August 1, 2000, through July 31, 2001. The distributions to be reported on the SFY 2000-01 WPT Certification Worksheet include applicable employee categories within nursing facilities eligible for the SFY 2000-01 WPT, including freestanding and distinct-part nursing facilities, subacute and pediatric subacute facilities and nursing facility based transitional care units.

A separate copy of this worksheet and a separate copy of the SFY 2000-01 WPT Certification form should be completed (and submitted in duplicate) for each level of care provided by the facility as the SFY 2000-01 WPT per diem amounts differed by provider type.

#### **Form Number 3 - Instructions for the Certification Worksheet (three pages)**

Form Number 3 is the instructions for completion of the SFY 2000-01 WPT Certification Worksheet.

### **SFY 2000-01 WPT Form Submission Requirements**

- A completed SFY 2000 WPT Certification form (Form Number 1) must be dated and signed by your facility Administrator, owner, officer or other individual duly authorized in a resolution by your facility's Board of Directors as having authority to sign on behalf of the facility. Facilities that received zero WPT funds for SFY 2000-01 should note on the SFY 2000-01 WPT Certification form that the WPT program is not applicable to the facility as no WPT funds were received for SFY 2000-01.
- The SFY 2000-01 WPT Certification Worksheet (Form Number 2) must be completed with the facility name and provider number at the top of the page.
- **By November 1, 2001**, submit two copies of the SFY 2000-01 WPT Certification form (Form Number 1) and the SFY 2000-01 WPT Certification Worksheet (Form Number 2) for each level of care provided by the facility to the Department at the following address:

State of California Department of Health Services  
Audits and Investigations  
Financial Audits Branch  
Audit Review and Analysis Section  
Attention: WPT Coordinator  
591 North 7<sup>th</sup> Street  
P.O. Box 942732  
Sacramento, CA 94234-7320

- Failure to complete and submit the required certification forms by the deadline of November 1, 2001, will be considered failure to comply with subdivision (f). As a result of such failure, the Department will initiate recovery of 100 percent of the SFY 2000-01 WPT funds received plus a 10 percent penalty in accordance with subdivision (g).

### **Questions Regarding the SFY 2000-01 WPT Forms**

Any questions regarding the SFY 2000-01 WPT Certification form and SFY 2000-01 WPT Worksheets may be submitted to the Department in writing at the address listed above or e-mailed to the following e-mail address:

[aiwpt@dhs.ca.gov](mailto:aiwpt@dhs.ca.gov)

Please include the facility name, provider number, contact person and phone number.

Please be specific, because vague or confusing questions will need clarification and delay the Department's response.

Questions will be logged and responded to (in writing) in the order that they are received by the Department.

## **FACILITY COMPLIANCE AND DEPARTMENTAL REVIEW**

The Department's Financial Audits Branch is responsible for verifying facility compliance with the requirements of subdivision (f) of section 14110.6. In applying the requirements of subdivision (f), the Q&As, and other relevant documents, will serve as guidelines.

A significant difference between the SFY 1999-2000 WPT and the SFY 2000-01 WPT impacts facilities offering multiple levels of care. For SFY 2000-01 WPT, the allocation of WPT funds to the "other staff" employee classifications (dietary, housekeeping, laundry & linen, and plant operations and maintenance) are treated differently than for the SFY 1999-2000 WPT program, pursuant to subdivision (f)(6)(B), which reads:

"Each direct care and other staff employee classification shall receive a portion of the rate increase provided pursuant to this subdivision in the form of an increase in salary, wage, and benefits. The facility may allocate the amounts that each classification may receive, but the amount shall not be nominal or zero." (Emphasis added.)

Among other things, the Financial Audits Branch's review process of any salary, wage, and benefit increase to "other staff employee classifications" will determine that a portion of the SFY 2000-01 WPT funds were allocated to each of the other staff employee classifications included within the "other staff" category and that the amount allocated to the other staff employee classification is not nominal or zero. The review will also determine that the funds distributed gave a permanent increase to the base salary, wages, and benefits equal or exceeding the amount of SFY 2000-01 WPT funds identified as distributed in each "other staff" classification.

### **Departmental Review**

Subdivision (f)(8) states: "The department may inspect relevant payroll and personnel records at the facilities receiving funds pursuant to this subdivision to ensure that the salary, wage and benefit increases provided have been implemented." The general objective of the Department's review of a facility's receipt of SFY 2000-01 WPT funding is to determine the following:

- Was there a wage, salary, and benefit increase pursuant to subdivision (f)?
- What was the amount of the increase?
- Which employees received an increase?
- What was the effective date and time period of the increase?
- Was the increase permanent, ongoing, and built into the wage base?
- Did the increase supplement or supplant other increases to wages, salaries, and benefits?

The reason for ensuring facility compliance with the requirements of the WPT program through the Departmental Review process is twofold.

First, the monies passed to facilities to fund permanent salary, wage and benefit increases are incorporated into the facilities' Medi-Cal rates through their annually filed cost reports.

Second, the Department's review verifies permanent increases in the base salary, wage and benefits have been passed through to the designated direct care staff, as required by subdivision (f).

If you have questions regarding this letter, please contact a Department WPT coordinator at (916) 657-0126. Please allow forty-eight hours for a response to any phone calls received. Thank you for your cooperation.

Sincerely,

William Brennan, Chief  
Rate Development Branch  
Enclosures